



December 30, 2008

Ms. Susan Hildreth, State Librarian
California State Library
P.O. Box 942837
Sacramento, CA 94237-0001

Dear Ms. Hildreth:

Final Report—City of Oxnard, Library Construction Grant Agreement 1024

The Department of Finance, Office of State Audits and Evaluations (Finance), has completed its audit of the City of the Oxnard's (City) Library Construction grant agreement 1024 for the period May 1, 2003 through June 30, 2007.

The enclosed report is for your information and use. Because there were no audit findings or issues requiring a response, we are issuing the report as final. In accordance with Finance's policy of increased transparency, the final report will be placed on the Finance website.

We appreciate the assistance and cooperation of the City. If you have any questions regarding this report, please contact Kimberly Tarvin, Manager, or Zach Stacy, Supervisor, at (916) 322-2985.

Sincerely,

Original signed by:

Janet I. Rosman, CPA
Assistant Chief, Office of State Audits and Evaluations

Enclosure

cc: Mr. Curtis Purnell, Bond Act Fiscal Officer, Office of Library Construction, California State Library
Mr. Edmund F. Sotelo, City Manager, City of Oxnard
Mr. Jim Cameron, Chief Financial Officer, City of Oxnard
Ms. Barbara Murray, Library Director, City of Oxnard
Ms. Norma Owens, Grants Manager, City of Oxnard

A GRANT AUDIT

City of Oxnard
South Oxnard Branch Library
Proposition 14 Bond Program
Grant Agreement 1024
For the Period May 1, 2003
to June 30, 2007



Prepared By:
Office of State Audits and Evaluations
Department of Finance

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December 2008

MEMBERS OF THE AUDIT TEAM

Kimberly A. Tarvin, CPA
Manager

Zachary Stacy
Supervisor

Staff

Patty Roth

Final reports are available on our website at <http://www.dof.ca.gov>

You can contact our office at:

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(916) 322-2985

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INDEPENDENT AUDITOR'S REPORT

Ms. Susan Hildreth, State Librarian
California State Library
P.O. Box 942837
Sacramento, CA 94237-0001

We have audited the accompanying City of Oxnard's (City) *Statement of Revenue and Expenditures* (Statement) for grant agreement 1024 for the period May 1, 2003 to June 30, 2007, as executed between the City and the California State Library. This Statement was prepared from the City's records and is the responsibility of its management. Our responsibility is to express an opinion on the Statement based on our audit.

We conducted our audit in accordance with *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to provide reasonable assurance as to whether the Statement is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the Statement. An audit also includes assessing the accounting principles used and significant estimates made by management. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement was prepared, as described in Note 4, for the purpose of determining the City's fiscal compliance with the aforementioned agreement. The Statement is not intended to be a presentation of the City's total revenue and expenditures.

In our opinion, the *Statement of Revenue and Expenditures* presents fairly, in all material respects, the claimed and audited revenue and expenditures for the agreement number and period specified in paragraph one, in conformity with accounting principles generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the Statement is free of material misstatement, we performed tests of the City's compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of Statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the City's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinion on the Statement, but not for the purpose of expressing our opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the City's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the City's Statement that is more than inconsequential will not be prevented or detected by the City's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the Statement will not be prevented or detected by the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of the California State Library, Bond Administration Office and City management, and is not intended to be and should not be used by anyone other than these specified parties. However, this report is a matter of public record and its distribution is not limited.

Original signed by:

Janet I. Rosman, CPA
Assistant Chief, Office of State Audits and Evaluations

December 12, 2008

STATEMENT OF REVENUE AND EXPENDITURES

**City of Oxnard
South Oxnard Branch Library
Grant Agreement 1024
For the Period May 1, 2003 to June 30, 2007**

	(State Share) <u>Claimed</u>	<u>Audited</u>	<u>Questioned</u>
Revenue:			
Proposition 14 Funds ⁽¹⁾	\$ 5,785,760	\$ 5,785,760	\$ 0
Expenditures:			
New Construction	4,750,677	4,750,677	0
Appraised Value of Land	150,000	150,000	0
Site Development	6,659	6,659	0
Site Permits and Fees	41,946	41,946	0
Furnishings and Equipment Costs	412,257	412,257	0
Signage	6,175	6,175	0
Architectural and Engineering Fees	366,628	366,628	0
Interior Designer Fees	35,100	35,100	0
Geotechnical/Geohazard Reports	4,618	4,618	0
Energy Audit, Structural Engineering, Feasibility and ADA Studies	<u>11,700</u>	<u>11,700</u>	<u>0</u>
Total Expenditures	<u>5,785,760</u>	<u>5,785,760</u>	<u>0</u>
 Excess of Revenue over Expenditures	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$ 0</u>

⁽¹⁾ Amount includes final payment of \$578,576 due from the California State Library.

The accompanying notes are an integral part of this statement.

NOTES TO THE STATEMENT OF REVENUE AND EXPENDITURES

**City of Oxnard
South Oxnard Branch Library
Grant Agreement 1024
For the Period May 1, 2003 to June 30, 2007**

NOTE 1 Description of the Reporting Entity

The City of Oxnard (City) is the largest city in Ventura County. The City was incorporated as a general law city on June 30, 1903 and operates under the council-manager form of government. The City elects a mayor, four council members, treasurer, and city clerk. The City Manager is appointed by the City Council and is responsible for administration of City affairs. The City provides a full range of municipal services, including police and fire protection, construction and maintenance of highways, streets and infrastructure and the administration of parks facilities, libraries, recreational activities and cultural events. The City Library Director served as the project coordinator for the South Oxnard Branch Library with construction oversight provided by the City Construction Project Manager.

NOTE 2 Program Information

In March 2000, California voters approved the California Reading and Literacy Improvement and Public Library Construction and Renovation Bond Act (Proposition 14), which authorized the State of California to sell \$350 million in general obligation bonds to support public library construction and renovation. The California State Library, Office of Library Construction (OLC), administered this program during the application review and approval phases, and awarded 45 projects totaling \$334 million.

In 2006 the OLC was reorganized as the Bond Administration Office (BAO), which now administers the program. The BAO authorizes the disbursement of bond proceeds to local agencies via grants and these agencies expend the funds on approved projects. Program requirements are codified in Title 5 and Title 24 of the California Code of Regulations.

NOTE 3 Description of Grant Award 1024

The OLC awarded the City a Proposition 14 grant in the amount of \$5,785,760. The amount was 65 percent of the budgeted \$8,901,170 to fund the construction of the South Oxnard Branch Library. The project provided that the existing South Oxnard library, a 4,000 square foot room in the South Oxnard Community Center designated in 1989 for library services, be replaced by a new 23,000 square foot facility. The grant period was specified as May 1, 2003 to

January 8, 2007; however, subsequent amendments revised the expiration date to June 30, 2008. The project has been completed and the Library was opened to the public in April 2007.

NOTE 4 Summary of Significant Accounting Policies

A. Basis of Presentation

The Statement was prepared from the City's accounts and financial transactions. The Statement summarizes the state-funded portion of the City's recorded project revenue and expenditures for the audit period May 1, 2003 to June 30, 2007. The Statement summarizes the City's transactions pertaining to grant agreement 1024 only, and is not intended to represent all of its financial activities.

B. Basis of Accounting

The City's accounts are maintained on a modified accrual basis. Revenues are recorded when available and measurable. Expenditures are recorded when the services or goods are received and the liabilities incurred.

NOTE 5 Matching Fund Requirements

Grant agreement 1024 requires the City to provide matching funds equal to 35 percent of eligible project expenditures. The City met the required match of approximately \$3.1 million.